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## Germany

**Post:** Berlin

### Turn to GE Soymeal Highlights Market Realities

**Report Categories:**

Biotechnology and Other New Production

Technologies

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**Report Highlights:**

The availability of, and preference for, non-genetically engineered (GE) soybeans as an animal feed is again being debated in Germany. Interest has been rekindled by a recent decision by the German poultry farmers association to end their 14 year old policy of only using non GE soybeans in poultry feed. This action opens a new 800,000 MT soybean meal market to U.S. suppliers. This report contains price spread information on GE versus non-GE soybean meal as reported by farm-level buyers in Germany, information on German food retailer approaches to non-GE and GE fed animals, and German NGOs reactions.

## **General Information:**

### **Germany – EU's Largest Consumer of Soy-based Feed Goes 'GMO'?**

Germany's livestock industry is a major importer of soybeans and soybean meal for use as animal feed. Imports for all uses (feed, biofuels, etc.) were about 6.8 million tons of soy products in 2013. U.S. soybean and soybean meal exports to Germany are valued at well over \$500 million and other major suppliers are Brazil and Argentina. There is very little soybean production in Germany.

Chicken and turkey farmers in Germany annually use about 4.1 million tons of animal feed, of which soy meal is a key protein component. It is estimated that German poultry farmers use over 800,000 tons of soybean meal annually.

For years, the German feed industry has been under steady pressure from non-governmental organizations (NGOs) to move away from genetically engineered (GE) soybeans. These efforts have been buttressed by a government-supported 'non-GMO' labeling initiative for meats and foods produced without GE soy. However, bucking this trend, in February 2014, the German poultry farmers association's (ZDG) announced that it was withdrawing its 14 year old commitment to only use non-GE soybeans in poultry feed. ZDG stated as a reason for the change an expected 50 percent cut in 2014 supplies of non-GE soy from Brazil. ZDG also said that the danger of cross-contamination between GE and conventional crops puts producer and handlers at legal risk in the EU. (For more information please see our [GAIN report](#) *Poultry Industry Gives Up GMO-Free Promise*).

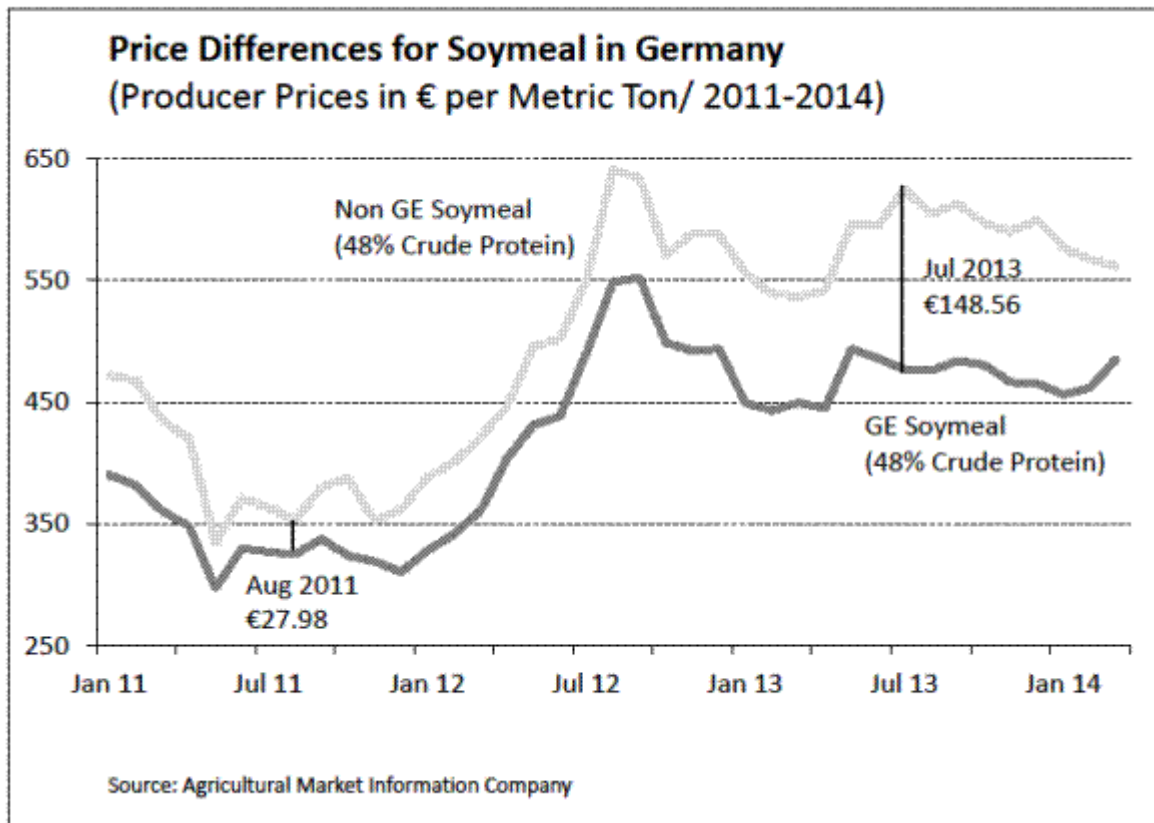
The public discussion in Germany has shown that while there is a certain amount of non-GE soymeal on the market at a higher price, four factors have converged to tip the balance in favor of GE soy use:

- There is no reliable supply of non-GE soybeans. Brazil, the major supplier is expected to cut production in 2014.
- The danger of cross-contamination between GE and conventional crops puts handlers at legal risk. It is simpler to only trade in commodity-grade GE soybeans and soymeal.
- Price spreads between non GE soymeal and GE soymeal are high and volatile. This leads to higher production costs that are untenable with poultry sales to Germany's competitive retailers and (in the case of pork) competitive export markets.
- NGO influence on German retailers to remain 'non-GMO' or 'biotech free' has diminished. There is also inconsistency at the retail level about which products are expected to come from animals fed a 'GMO-free' diet. For example, there is no expectation for pork, a higher expectation for dairy, and the recent ZDG decision effectively challenged GMO-free expectations for poultry.

### **Analysis Reveals Volatile and Large non-GE Premiums, Limited Overall Supply**

Recent analysis by the German Association for Animal Feed (DVT) has added a significantly to the

discussion. Their comparison of farm input prices for non-GE soymeal and GE soymeal shows a high and quite volatile premium for non-GE soymeal. The GE/non-GE spread reached as high as nearly €150 a ton in July 2013 (see graph below).



This price spread is being pointed to by critical NGOs as being the real reason for the ZDG policy change. A spokesperson for the ‘German Association of Food Without GE’ stated that “for just 8 cents extra per chicken, the poultry industry could comply with the desires of German consumer”.

The German Oilseed Crushing Industry (OVID) has also published information about the availability of non-GE soymeal based on macro calculations. Their analysis looks at the production area devoted to GE and non-GE soybeans in North- and South America, and reported production GE soybean meal and non-GE soybean meal in major markets. OVID’s conclusion is that the overall consumption of soybean meal in EU-28 exceeds the global supply of non-GE soybean meal by nearly a factor of three. Moreover, OVID’s analysis does not look at the practicality and extra costs associated with creating a dedicated commodity stream to European markets. Dedicated distribution is needed to ensure that GE and non-GE soybeans are segregated. (Please find OVID’s analysis further below).

## Anti-GMO Focus Now On Germany's Concentrated Retail Sector

Germany's three biggest food retailers in Germany are expected to sell poultry meat produced with GE feed. According to a recent Greenpeace report, only three of twelve German supermarkets guarantee that no GE feed was used in producing their poultry meat and eggs for sale in their stores. The retailers are REWE and its subsidiary discounters Penny and Tegut. The report also found that Aldi and LIDL (Schwarz), the two major German discounters, are willing to sell poultry meat produced with GE feed. They also do not use the 'no genetic engineering' label that is support by the German Ministry for Food and Agriculture. Retailers Kaiser's, Tengelmann, Kaufland, and Edeka were also found to have similar policies. Greenpeace has [announced](#), however, that they will protest at LIDL stores.



*Government-sponsored GMO-Free label*



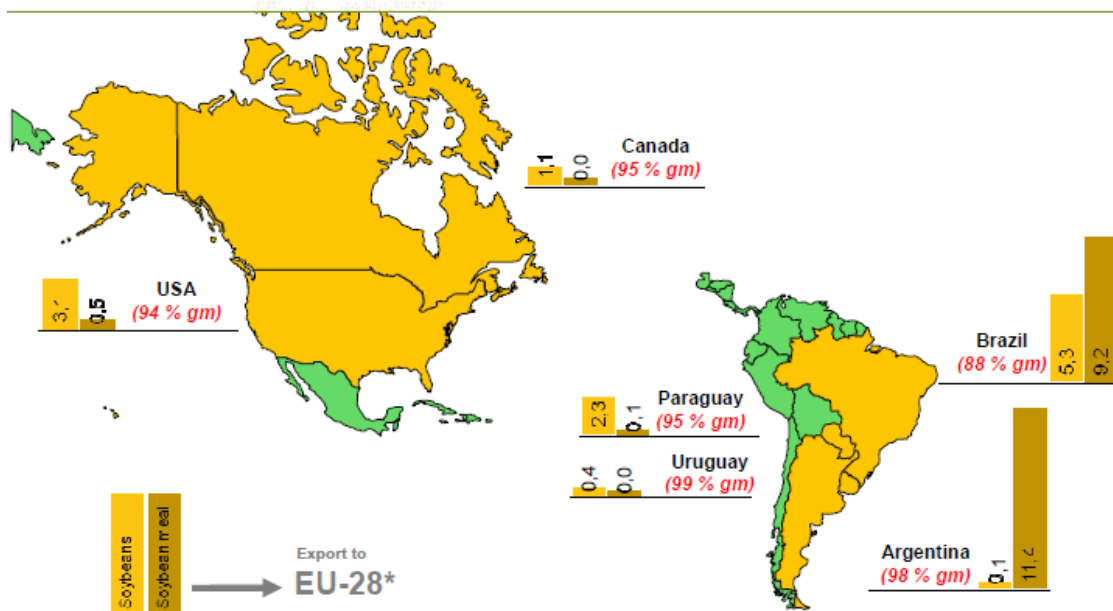
Source: FAS Berlin

For more information, please see our [GAIN report](#) about the Retail Food Sector in Germany. Please also see our [GAIN report on Agricultural Biotechnology in Germany](#).

**Availability of Non GE Soymeal (Analysis by Ovid)**

Export to EU-28\*  
soybeans and –meal (in million tons) 2011  
*Area proportion of genetically modified (gm)-soybeans*

**OVID**  
VERBAND DER ÖLSAATEN-  
VERARBEITENDEN INDUSTRIE  
IN DEUTSCHLAND



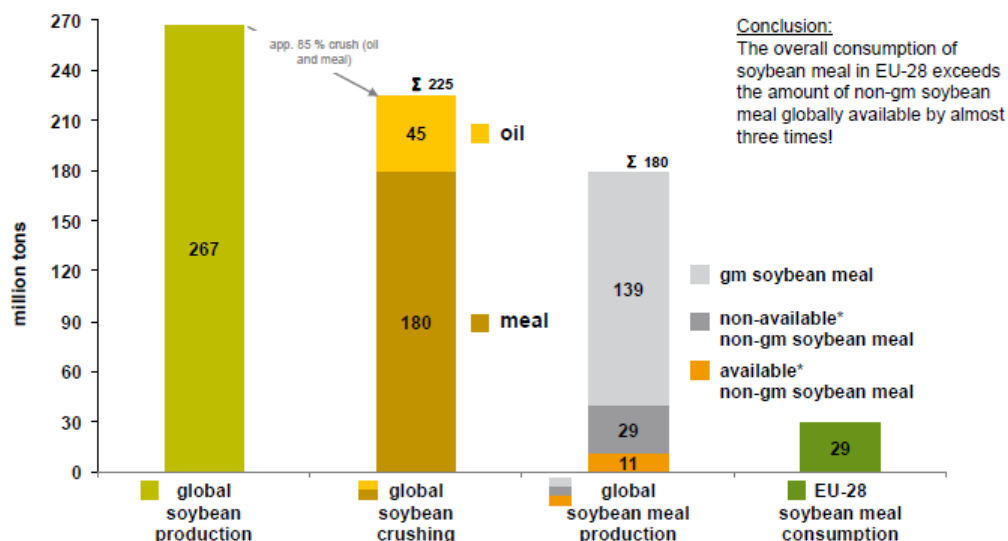
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Sources: ACTI, GTIS, ISAAA, Oil World, OVID

\*EU-28 without Croatia; accession Croatia in July 2013

% gm = area proportion of gm-soybean

## Production, Availability\* and Consumption gm soybean meal and non-gm soybean meal 2012/2013



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Sources: OVID calculations based on USDA, ISAAA, Oil World, ACTI

gm = genetically modified  
\*assumptions for theoretical availability see table

## Production and Theoretical Availability gm soybeans & non-gm soybeans 2012/2013



Soybean producing countries	Production of soybeans (thereof gm / non-gm)  million tons	assessment virtual availability to EU-28 non-gm soy			Comment on actual availability for the feedsector
		%	-beans million tons	-bean meal million tons	
USA	82,6 (76,8 / 5,8)	0%	0,0	0,0	Contract cultivation for foodsector
Brazil	81,6 (72,6 / 9,0)	100%	9,0	7,2	
Argentina	48,5 (47,5 / 1,0)	0%	0,0	0,0	No separate collection
China	12,6 (0,0 / 12,6)	0%	0,0	0,0	High soybean consumption in China, thus no export
India	11,0 (0,0 / 11,0)	25%	2,8	2,2	For larger availability, separate collection and transport routes are necessary
Paraguay	9,0 (8,5 / 0,5)	100%	0,5	0,4	
Canada	5,1 (4,8 / 0,3)	0%	0,0	0,0	No separate collection; contract cultivation for foodsector
Uruguay	3,2 (3,18 / 0,03)	100%	0,03	0,02	
Bolivia	2,6 (2,4 / 0,2)	100%	0,3	0,2	
Ukraine	2,3 (0,0 / 2,3)	0%	0,0	0,0	Experience of international trading houses proves commingling of gm with non-gm beans; illegal cultivation cannot be excluded; separate collection is not ensured
Russia	1,8 (0,0 / 1,8)	0%	0,0	0,0	
EU-28	1,0 (0,0 / 1,0)	(100%)	(1,0)	(0,8)	Contract cultivation for foodsector and special for tofu-production
Other countries (each < 1 Mio.t)	5,4 (0,8 / 4,6)	0%	0,0	0,0	Own consumption of domestic soy production
Sum = global total production	266,7 (216,6 / 50,1)	27%	13,6	10,8	

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Sources: OVID calculations based on USDA, ISAAA, Oil World, ACTI

Note: the table assumes non-gm soybeans are fully available to soybean meal production.  
Practice shows: only 85 % of the soybeans are crushed to soybean meal.